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# MARSHALL WELLS LIMITED

## ANNUAL REPORT

FOR THE YEAR ENDED  
JANUARY THIRTY-FIRST

1967







# DIRECTORS and OFFICERS



## MARSHALL WELLS LIMITED

### BOARD OF DIRECTORS:

R. BRUCE SUTHERLAND .....	Winnipeg
ARNOLD G. KIRKNESS .....	Winnipeg
PHILIP C. FIKKAN .....	Winnipeg
STEPHEN J. COPPINGER .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis

### OFFICERS OF THE COMPANY:

R. BRUCE SUTHERLAND .....	President
STEPHEN J. COPPINGER .....	Sr. Vice-President
ROBERT G. ROCK .....	Vice-President
WALTER R. GAMBS .....	Vice-President
LEONARD A. HEAD .....	Vice-President
DONALD D. BAILEY .....	Assistant Vice-President
CLAYTON A. STEIDL .....	Secretary-Treasurer
REX W. WOOTTON .....	Controller

### MANAGEMENT BOARD:

R. BRUCE SUTHERLAND .....	Winnipeg
STEPHEN J. COPPINGER .....	Winnipeg
WALTER R. GAMBS .....	Winnipeg
ROBERT G. ROCK .....	Winnipeg
LEONARD A. HEAD .....	Winnipeg
DONALD D. BAILEY .....	Winnipeg
CLAYTON A. STEIDL .....	Winnipeg
REX W. WOOTTON .....	Winnipeg
ARTHUR G. JOHNSON .....	Minneapolis

## INTERNATIONAL LABORATORIES (1957) LIMITED

### BOARD OF DIRECTORS:

PHILIP C. FIKKAN .....	Winnipeg
HON. GUNNAR S. THORVALDSON, Q.C. ....	Winnipeg
CLAYTON A. STEIDL .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis
R. BRUCE SUTHERLAND .....	Winnipeg

### OFFICERS OF THE COMPANY:

PHILIP C. FIKKAN .....	President
NORMAN W. CODE .....	Vice-President
CLAYTON A. STEIDL .....	Secretary-Treasurer

## MARSHALL WELLS REALTY LIMITED

### BOARD OF DIRECTORS:

R. BRUCE SUTHERLAND .....	Winnipeg
B. FREDERICK DAVIDSON .....	Minneapolis
CLAYTON A. STEIDL .....	Winnipeg

### OFFICERS OF THE COMPANY:

R. BRUCE SUTHERLAND .....	President
B. FREDERICK DAVIDSON .....	Vice-President
ROBERT G. ROCK .....	Vice-President
STEPHEN J. COPPINGER .....	Vice-President
CLAYTON A. STEIDL .....	Secretary-Treasurer

### Transfer Agent and Registrar for First Preferred Stock

NATIONAL TRUST COMPANY, LIMITED  
Winnipeg

### Trustee and Registrar for 6% Debentures

NATIONAL TRUST COMPANY, LIMITED  
Winnipeg

### Auditors

PEAT, MARWICK, MITCHELL & Co.,  
Winnipeg



# PRESIDENT'S REPORT



## *To Our Shareholders:*

It is a pleasure to present the Annual Report of your company for the year ending January 31, 1967 — a year marked by a continuing growth of sales accompanied by a substantial increase in earnings.

Consolidated sales of \$45,345,639 represent an increase of 7½ per cent over those of the previous fiscal year. This increased sales volume, coupled with the application of strict control of expense, produced a net income of \$777,189 as compared to \$637,807 for the twelve months ending January 31, 1966.

The year has seen continued activity and progress in the refinement of our merchandising and promotional programs. These programs are designed to develop an ever-increasing penetration of the retail market by our Marshall Wells Stores whose increased sales for the year reveal that they have enjoyed excellent results in this respect.

Development and growth of our Marshall Wells Stores program continues. Twenty-four new Marshall Wells franchise dealers were added during the period and five new Marshall Wells company stores were opened.

Today 318 attractive, well-merchandised, Marshall Wells Stores serve the communities of Western Canada.

Specialization in our Industrial division has been further developed throughout the year. The Saskatoon, Port Arthur, and Grand Prairie branches have been converted to specialized industrial service warehouses. The results achieved provide support for further planning in this direction for the coming year.

Mr. Fikkan's appointment to a senior position with Gamble Macleod Limited necessitated some organizational changes in your company. We are pleased to acknowledge the appointment of two new officers.

S. J. Coppinger, formerly Vice-President and Regional Manager of the British Columbia division, has been appointed Senior Vice-President in charge of Operations, and also elected a member of the Board of Directors.

D. D. Bailey, formerly departmental buyer and merchandiser, has been appointed Assistant Vice-President in charge of buying and merchandising.

We view with concern the decline in building, the highly competitive situation in our industry, as well as other economic factors prevalent in Canada at the present time. The long-term prospect, however, for continued profitable growth of your company at this moment appears to be very good.

Our progress depends on our customers, our employees, our suppliers, and our shareholders, to whom we extend our sincere appreciation for their continued loyalty and support.

R. B. SUTHERLAND, *President.*



# AUDITORS' REPORT

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the consolidated balance sheet of Marshall Wells Limited and Subsidiaries as of January 31, 1967 and the statements of consolidated profit and loss and earned surplus for the year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated profit and loss and earned surplus present fairly on a consolidated basis the financial position of the companies as at January 31, 1967 and the results of their operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Manitoba  
March 8, 1967.

PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants



# MARSHALL WELLS LIMITED AND SUBSIDIARIES

## Consolidated Balance Sheet

January 31, 1967

with comparative figures for 1966

### ASSETS

	1967	1966
Current assets:		
Cash on hand and in banks .....	\$ 288,431	7,610
Customers' charge and installment accounts less allowance for doubtful accounts and unearned interest \$674,168 (1966 — \$518,400) .....	1,409,796	2,133,678
Due from affiliated companies .....	73,313	133,829
Inventories of merchandise at the lower of replacement cost or net realizable value .....	12,639,667	12,717,091
Prepaid expenses .....	106,512	161,178
Total current assets .....	14,517,719	15,153,386
Refundable special tax .....	15,300	—
Investment at cost:		
Wood Alexander Limited, common shares .....	746,250	746,250
Land, buildings and equipment:		
Land at cost .....	532,201	524,329
Buildings at cost less accumulated depreciation \$1,172,294 (1966 — \$1,054,273) .....	2,297,630	2,425,207
Equipment at cost less accumulated depreciation \$953,052 (1966 — \$896,826) .....	413,265	407,753
Parking lot and spur tracks at cost less accumulated depreciation \$3,614 (1966 — \$3,766) .....	13,522	12,372
Leasehold improvements at cost less amounts amortized \$2,464 (1966 — \$1,510) .....	5,553	4,482
	3,262,171	3,374,143
Deferred charge — unamortized debenture discount .....	458,750	488,750

### NOTES TO FINANCIAL STATEMENTS:

- The terms of the debentures require the company to redeem debentures of a principal amount of \$300,000 each year up to and including 1981 and to redeem the balance in 1982.

	1967	1966
Balance outstanding at beginning of year .....	\$5,200,000	5,600,000
Debentures purchased for sinking fund requirements:		
Account 1966 .....	—	300,000
Account 1967 .....	200,000	100,000
Balance outstanding at end of year ....	\$5,000,000	5,200,000

- There are outstanding share purchase warrants entitling the holders to purchase 333,665 shares of 6½% cumulative redeemable first preferred shares at \$7 per share up to and including May 15, 1967. Of these outstanding warrants 233,810 are held by the parent company.
- The figures for the year ended January 31, 1966 have been recast to correspond with the classifications adopted in the year under review.

# BALANCE SHEET

## LIABILITIES

### Current liabilities:

	1967	1966
Outstanding cheques less cash in banks .....	\$ —	1,484,685
Accounts payable and accrued expenses .....	2,756,053	2,417,078
Provision for contributions to retirement security plan .....	212,312	196,324
Provision for income taxes .....	681,098	410,071
Portion of long-term debt due within one year .....	2,595	15,201
Total current liabilities .....	<u>3,652,058</u>	<u>4,523,359</u>

### Long-term debt:

6% sinking fund debentures, Series A (Note 1) .....	5,000,000	5,200,000
Mortgages .....	25,420	40,621
	<u>5,025,420</u>	<u>5,240,621</u>
Less installments due within one year .....	2,595	15,201
	<u>5,022,825</u>	<u>5,225,420</u>

### Shareholders' equity:

#### Capital stock:

6½% cumulative redeemable first preferred shares of a par value of \$5 per share. Authorized 1,450,000 shares; issued 1,116,335 shares (Note 2) .....	5,581,675	5,581,675
6% cumulative redeemable second preferred shares of a par value of \$5 per share. Authorized 500,000 shares; issued 389,250 shares .....	1,946,250	1,946,250
Common shares without nominal or par value. Authorized and issued 400,000 shares .....	2,000,000	2,000,000
	<u>9,527,925</u>	<u>9,527,925</u>
Earned surplus .....	797,382	485,825
	<u>10,325,307</u>	<u>10,013,750</u>
	<u>\$19,000,190</u>	<u>19,762,529</u>

Approved on behalf of the Board:

R. B. SUTHERLAND, *Director*

S. J. COPPINGER, *Director*





# PROFIT and LOSS

## MARSHALL WELLS LIMITED AND SUBSIDIARIES STATEMENT OF CONSOLIDATED PROFIT AND LOSS Year ended January 31, 1967 with comparative figures for 1966

	1967	1966 (Note 3)
Net sales .....	\$45,345,639	42,195,612
Operating profit before charging the undernoted expenses .....	\$ 2,642,787	2,332,774
Expenses:		
Directors' remuneration (including salaries as executive officers) .....	61,500	91,217
Legal fees .....	21,996	1,457
Depreciation .....	224,968	216,524
Amortization of leasehold improvements .....	954	871
	309,418	310,069
Operating profit .....	2,333,369	2,022,705
Other income:		
Interest earned .....	82,522	52,609
Profit on sale of fixed assets and investments .....	5,075	6,066
Dividends received .....	15,000	15,000
Miscellaneous .....	13,521	34,966
	116,118	108,641
Other deductions:		
Provision for contribution to retirement security plan .....	244,641	230,004
Interest on long-term debt .....	307,052	351,549
Interest—other .....	276,312	220,014
Debenture discount—net .....	22,293	28,973
	850,298	830,540
Profit before income taxes .....	1,599,189	1,300,806
Income taxes .....	822,000	663,000
Net profit .....	\$ 777,189	637,806

See accompanying notes to financial statements.

## STATEMENT OF CONSOLIDATED EARNED SURPLUS

Year ended January 31, 1967  
with comparative figures for 1966

Amount at beginning of year .....	\$ 485,825	1,360,213
Net profit .....	777,189	637,806
	1,263,014	1,998,019
Dividends paid:		
Preferred .....	465,632	116,775
Common .....	—	1,395,419
	465,632	1,512,194
Amount at end of year .....	\$ 797,382	485,825



# DIRECTORY

## EXECUTIVE OFFICES

1395 Ellice Avenue, Winnipeg  
President, R. B. Sutherland  
Senior Vice-President, S. J. Coppinger  
Vice-President, retail operations, W. R. Gambs  
Vice-President, industrial sales, L. A. Head  
Assistant Vice-President, merchandising, D. D. Bailey  
Secretary-Treasurer, C. A. Steidl  
Controller, R. W. Wootton

## MERCHANDISING BRANCHES

Winnipeg	1395 Ellice Ave.	Vice-President and Manager, R. G. Rock
Sub-warehouse at Port Arthur		
Regina	8th and Hamilton Streets	Manager, A. S. Ellis
Saskatoon	25, 33rd Street	Manager, W. J. Faulkner
Sub-warehouse at Prince Albert		
Calgary	4040 Blackfoot Trail	Manager, D. E. Goodman
Edmonton	10360, 103rd Street	Manager, G. J. Stevenson
Sub-warehouse at Grand Prairie		
Vancouver	549 - 573 Carrall Street	Manager, E. C. H. Perrin
Sub-warehouses at New Westminster and Prince George		

## MANUFACTURING SUBSIDIARY

### INTERNATIONAL LABORATORIES (1957) LIMITED

St. Boniface	490 Rue Des Meurons	Vice-President and Manager, N. W. Code
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## REAL ESTATE SUBSIDIARY

### MARSHALL WELLS REALTY LIMITED

1395 Ellice Avenue, Winnipeg















# MARSHALL WELLS LIMITED